

the first year, 1983, they want to spend around \$500 million and they hope that expenditure will increase the sale of grain in the United States by some \$1 billion.

What will that do? First, I maintain that it may take away a number of markets from Canadians. Some of the countries the Americans will be subsidizing with regard to credit and interest rates are customers of Canadian grain. Indeed, some may be major customers. When a country is looking at a grain contract worth millions of dollars and the United States announces it will subsidize the interest rate by 2, 3 or 4 per cent, if Canada cannot afford to subsidize the interest rate, it is only natural and normal that that country will look to the United States. That could mean the loss of thousands of jobs in this country.

The second thing that concerns me is that if the Americans begin to subsidize the export of grain, the price of grain, particularly wheat which is already depressed, may drop even lower. Even before this program was announced, the projection for 1983 was that the price of wheat would fall by about 5 per cent. With this program, and because of a grain surplus in the United States, it is very possible that the price will fall even more than the dismal forecast for 1983.

This is a very important issue to Western Canada because agriculture is so important to the western Canadian economy. It is a very important issue to Canada because farming and agriculture is still number one. It is a basic industry. What the farmer wants is fairness. He does not want any special status or deal. Farmers expect their Government to go to the United States and say to President Reagan that the program he has introduced is unfair, dangerous and protectionist. Also, it could start a massive trade war. We had trade wars in the thirties and we could have another one. The people who will get hurt will be the farmers of Canada.

I would hope today, five days after raising the question on Thursday, that the Government has made official representation to United States officials asking that they cancel this very destructive and dangerous program which they commenced in their country.

Most people do not realize the importance of agriculture. Last year, for example, food trade had a net surplus for our country of \$3.2 billion. There was \$9.5 billion worth of food exports or expected exports for 1982. Export sales accounted for about 50 per cent of farm income. That is how important and vital this program is to Canadian farmers.

I was surprised to see the United States announce the program because at the recent GATT meeting in Geneva, it took a very strong position against the growing protectionism of subsidies in the European Common Market, against the closed market of the Japanese and many other such practices around the world. When U.S. representatives came back from Geneva, they announced a similar program of their own. I want to refer to what Agriculture Secretary Block said on October 20, and I quote:

### *Adjournment Motion*

The program will be used in those markets where we are assured of the greatest return. We also will pay special attention to the opportunity to achieve long-term sales gains in the markets that we select. Long-term expansion in agricultural trade under normal commercial terms is a primary goal of this administration.

• (2205)

They will subsidize the interest rate and they will subsidize credit to try to undercut other grain exporters, including Canada, and that is not fair and it is not just.

Regarding the second part of my question, Mr. Speaker, if this fails and if we cannot persuade the Americans to play fair ball, then the federal Government, unfortunately, must come up with a similar program for Canadian farmers. If it does not, Canadian farmers in Canada will be hurt, not just in the short term but in the long term as well. We must do that because 30 per cent of our GNP is tied to trade and Canada's share of world trade is falling very rapidly. Back in 1970 it was 5.9 per cent of world trade. In 1979 it was 3.9 per cent of world trade. With a program like the blended credit program in the United States, that is now in danger of falling even further.

I plead with the Government of Canada, therefore, to make strong representation to President Reagan in the United States in an effort to end this destructive program, to end what could be a serious escalation of a trade war which is potentially the most dangerous since the 1930s. But if we cannot persuade them, then we cannot live in an "Alice in Wonderland" world, leaving our farmers totally and absolutely unprotected.

[*Translation*]

**Mr. Jean Lapierre (Parliamentary Secretary to Deputy Prime Minister and Secretary of State for External Affairs):** Mr. Speaker, first of all, I would like to thank the Hon. Member for Yorkton-Melville (Mr. Nystrom) for his speech.

[*English*]

He says that this issue is very important. The Canadian Government agrees with him and is very disturbed that the U.S. government has chosen to reply to the current supply and demand situation in this manner. There is no other word than the one he used to say that we find also the whole program unfair, dangerous, a bit of protectionism, and it could start a trade war. That is why we are very concerned about the farmers of Canada and what they might suffer from that kind of a program.

I believe the Canadian authorities are very concerned that this initiative may put other exporters in a position where they have no choice but to introduce similar programs. The result, unfortunately for producers, is likely to be lower returns. This is particularly important under the current depressed price situation prevailing in world agricultural markets.

Canada has sought to contain the use of concessional financing as a competitive instrument in international trade, and the Hon. Member referred to GATT. We were impressing on the United States that we should not have that type of program and we should bring agriculture under international discipline. Unfortunately, a couple of days later, we find there